

# Best of the Best 2006: Vendor Management Standards



HCI White Paper

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## EXECUTIVE SUMMARY

The development of a set of standards is a historic event for the contingent-workforce industry. For the first time, eight rival organizations have converged to form a standards committee to share experiences, knowledge and best practices to develop industry standards. The industry was in desperate need of standardization, and as a result, the committee came together to create better practices for clients, suppliers and workers.

Collectively, this committee has a tremendous amount of experience-billions of dollars in revenue, hundreds of clients and tens of thousands of workers. This group met for over nine months to recommend best practices and set the bar in the industry. The first installment of the published version of the committee's vendor management standards is due for release in the first quarter of 2007.

To provide a better understanding of this monumental turn of events, this paper will address the following:

- ~ The committee
- ~ Need for standardization
- ~ Formation of the committee
- ~ Objectives of the committee
- ~ Value proposition (i.e., the importance of this scheme)
- ~ Format and application of the standards

## THE COMMITTEE

In 2006, the Human Capital Institute and a coalition of seven leading contingent-workforce industry vendors announced the formation of the vendor management standards committee. This group,

comprising executives from the following companies, set out to develop and publish the first recorded set of best practices and industry standards in the United States focusing on vendor management.

- ~ Allegis Group Services
- ~ The Bartech Group
- ~ Beeline
- ~ Comensura
- ~ COMSYS
- ~ The Human Capital Institute (HCI)
- ~ MyBizOffice
- ~ ProcureStaff, Ltd.

The results of the committee's findings will be available for download from the HCI Web site for HCI professional and corporate members.

## THE NEED FOR STANDARDIZATION

Contingent labor (commonly referred to as temporary workers, contractors or consultants) is one of the fastest growing segments of the workforce, according to the Bureau of Labor Statistics. Kip Wright, Senior Vice President of Managed Solutions for COMSYS and standards committee member, believes that there are a number of misconceptions about the services and value provided by a vendor management service (VMS) managed service provider (MSP) because contingent labor is such a young industry. Among the misconceptions is the lack of standardization.

The committee has found that the lack of standardization was caused, in part, by a combination of the factors listed below:

- The arrival of Web-based e-procurement technologies
- The decentralization of indirect spending in cor-

porate America and the focus to evaluate the need for better controls

- The rapid creation of VMS technologies by both staffing and non-staffing firms
- The introduction of third-party administrators claiming expertise in managing contingent labor processes and related spending
- The increased number of staffing firms looking for ways to continue to add value to customers in light of changing times

The aforementioned factors collided over a relatively short period of time, which resulted in an array of firms aggressively marketing a diverse set of related services to an interested, yet somewhat uninformed, customer base. Clients and suppliers that depend on VMS MSP to manage or support their contingent resource programs have been looking for some form of standardized language, practices and benchmarks to help build their programs.

### FORMATION OF THE COMMITTEE

To meet the need, industry leaders and HCI reached out to those who were interested, credible and willing to form the basis for the committee. Based on the definition of an MSP, the following criteria were used in selecting eligible members for the committee:

- Provides people, processes and technology to managing the contingent workforce needs of its customer vs. a sole provider of VMS.
- Provides a vendor-neutral solution to customers vs. a "master vendor" or "lead supplier" offering, thus managing program objectives vs. market-share objectives.
- Has demonstrated a dedication to the space as

defined by investing resources (i.e., people, processes and technology) to their offering.

- Has an industry reputation from peers, the customers trade association and managed suppliers.
- Has earned significant customer relationships and experience in offering MSP solutions to multiple industries.

The standards were created by the leading MSPs in the industry. The companies that contributed to the standards document came together voluntarily to create common standards that delineate the difference between a true managed services program and a less-than-structured result. The experience of these top firms in every area of program management and in every step of evaluation and implementation was contributed to the standards document. The experience and best practices gained through the members' extensive customer bases and the experience of their employees also contributed to making it an absolute standard in VMS MSP.

The MSP standard board is comprised of the executive management from leading providers of technology, staffing services and human capital management. Their experience and expertise come from years of servicing clients and the understanding of what clients want and need to provide the optimal performance from their contingent resources.

### OBJECTIVES OF THE COMMITTEE

The committee is interested in promoting the improvement and standardization of best practices around managed services in the VMS arena. As stated in the committee's mission statement, "The VMS MSP standards board was founded to identi-

fy standards and best practices for MSPs, with respect to the management of staffing vendors (including VMS), as it relates to contingent workforce management for companies implementing contingent workforce initiatives."

The goals of the committee in 2007 are as follows:

- To establish definitions and naming conventions.
- To publish and circulate fundamental standards.
- To promote education around managing contingent labor.

David Barfield, VP of the Core Accounts Group and Bartech Workforce Management (BWM) and standards committee member, stated that the committee recognized that there is confusion in the industry. To mitigate that confusion, the committee decided to promote naming conventions and definitions as part of the standardization.

The committee wanted to have the standards supported and managed by an independent, not-for-profit organization that was committed to the advancement of best practices in human capital management. HCI is such an organization. The committee further believed that it was important to treat the management of vendors who provide contingent workers as a tangible organizational asset, rather than as a purely commodity-based product.

The committee operates under the unbiased leadership of HCI. HCI provides a platform to communicate and reinforce the message to the contingent labor community and to help educate prospective MSP buyers on how to make informed and effective buying decisions that best fit their contingent workforce acquisition and management requirements.

In an ever-growing industry of "me too" companies claiming to provide total MSP solutions, it is imperative that buyers understand talk from delivery.

The committee's intent, therefore, is to provide the definitions of the minimum levels of service that these programs should offer to clients and suppliers. To achieve this objective, the committee produced a document that clients can use to help set their expectations and know what they should be getting when they entrust a supplier with the responsibility of running their MSPs.

## VALUE PROPOSITION

The committee believes that it is important for providers in this industry to show some level of responsibility for their services. The committee's intention is to provide education and clarification for any customer who has implemented, is implementing or is considering the implementation of a VMS program supported by an MSP.

The committee is dedicated to providing the detailed information, education and benchmarking for buying companies to make the right buying decision the first time. Because the holistic MSP solution is conceptual in nature, and the criteria and experience required by the MSP to design/build a successful and sustaining solution may not be evident during the selling process (and in some cases does not become apparent to the buyer until after the decision is made), the value of the committee is to elevate and make concrete the required qualifications necessary to ensure that the desired business benefits are delivered.

**Why will the industry suppliers get value from this?**

Standardization should help stimulate improvements in standards-defined areas rather than using multiple approaches to address the same problem. As the client end users become more educated in the process, organizations that uphold best practices will be distinguishable from less reputable companies.

### **Why will client end users get value from this?**

The result of this standardization is education for comparison, solicitation and higher quality solutions for the client. The use of a decision tree and the process of evaluation will help client end users make the best possible business decisions regarding contingent workforce management. The establishment of clear and common definitions should clarify existing confusion and bring immediate value.

### **Why will contract workers get value?**

Clients will know how to better use contract workers, removing fear, obstacles and unnecessary bureaucracy. It should make the market more fluid and accessible for contingent workers.

### **How will the standards help me?**

Whether you are looking for definitions to industry acronyms such as VMS, MSP or CWS or you are in RFP mode or the middle of an implementation, the standards guide will serve as a roadmap to deliver you to a successful MSP strategy. The roadmap will help you understand how to achieve your business goals.

## **FORMAT AND APPLICATION OF THE STANDARDS**

The committee focused on the development and publication of generally agreed to standards and best practices specifically around the MSPs of VMSs (i.e., what it is and what buyers need to look for). The following elements are envisioned in the first installment:

- Definitions
- Value proposition
- MSP evaluation
- Selection criteria
- Vendor neutrality models
- Program implementation
- Program operations, including requisition, contingent worker lifecycle management, vendor/supplier management, system management, financial management, program administration, and issue management/resolution/

program performance tracking and reporting

The committee is looking at developing an audit or certification program so that the buyer knows which companies are adhering to the standards. The standards will be published, and the committee is considering listing the companies that are adhering to the standards.

## **CONCLUSION**

By developing a set of industry standards for the contingent-workforce industry, the standards committee shared experiences, knowledge and best practices. This committee came together to create better practices for clients, suppliers and workers.

With an array of firms aggressively marketing an assorted set of related services to an uninformed customer base, the need for standardization was obvious. Clients and suppliers that depend on VMS MSP to manage or support their contingent resource programs were looking for some form of

standardized language, definitions, practices and benchmarks to help build their programs. With the release of the first installment of the standards document, clients, suppliers and workers will have an important tool to help guide them through VMS MSP.

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Based on the Human Capital Institute webcast *Best of the Best 2006: Vendor Management Standards* of December 15, 2006.

## THE STANDARDS COMMITTEE MEMBERS

### David Barfield

#### VP of Core Accounts Group and Bartech Workforce Management (BWM)

#### The Bartech Group

David is Vice President of the Core Accounts Group and Bartech Workforce Management (BWM). BWM is the managed services division of the Bartech Group, based in Livonia, Mich., established in 1977 with annual revenues in excess of \$200 million.

David is responsible for providing customer-focused, outsourced, managed staffing and services procurement solutions to major organizations. This includes strategy development, implementation and operation of value-added programs designed to improve quality and workforce optimization for regional and global organizations. He also oversees Bartech's corporate image and marketing initiatives.

Today, BWM manages approximately \$350 million annually on behalf of its customers. David began his professional career with Xerox Corporation in 1988, where he worked as an Account Executive responsible for marketing the firm's products and

services to high volume customers in the Washington, DC market. He holds a Bachelor of Arts degree from Georgetown University and a Master of Business Administration from the University of Michigan Business School.

### John Campellone

#### President

#### ProcureStaff, Ltd.

John has been with ProcureStaff, Ltd. since 2000, starting as Program Director for NCR. In 2002, John was promoted to Director of Operations. Prior to assuming the role of President, John was Senior Vice President of Operations.

John is responsible for establishing direction and strategy for the overall growth and success of ProcureStaff. His strong background supports a customer-focused and process-oriented style to ensure that each program benefits from shared best practices in order to deliver superior customer satisfaction.

Bringing over 20 years of procurement, contracts, operations and management experience, John has also participated in several Six Sigma projects for clients that resulted in significant cost savings and benchmarking of rates based on the client's needs. John has a Bachelor's Degree in Business from McKendree College in Illinois and a Master's Degree in Acquisition and Contract Management from Florida Institute of Technology.

### Dennis Kanegaye

#### President, US Operations

#### Comensura, Inc.

Dennis is the US President of Comensura, Inc. Comensura is a workforce acquisition and supplier management solution provider that serves Fortune

1000 clients across the US and UK.

Comensura provides vendor-neutral, managed services for externally sourced employees and contingent labor, including agency sourcing, requisitioning, on-boarding and off-boarding, as well as time and expense management, settlement and spending analysis.

Dennis joined Comensura after a successful tenure at the Parson Group, LLC, where he held the position of Senior Vice President of Field Sales and Operations. During his time at the Parson Group, Dennis was responsible for the company's transition from a staffing to a value-based consultancy. Dennis is a graduate of the University of California, Los Angeles, with a Bachelor of Arts in Psychobiology.

### **Jay Lash**

#### **VP of Human Capital Solutions, Product Development**

##### **Allegis Group Services**

A leader on the Human Capital Solutions team at Allegis Group Services, Jay is responsible for the development of customer-specific solutions and new offerings.

Allegis Group Services offers clients a wide range of service solutions that enable them to optimize their use of human capital. As part of the Allegis Group family of companies, Allegis Group Services provides workforce management solutions, recruitment process outsourcing and consulting engagements that build staffing supply chains, guide VMS technology selection and implement MSP programs. Jay has been with Allegis Group Services in this capacity for over two years.

Prior to Allegis, Jay had over 10 years of experience in the workforce management solutions industry. He started this portion of his career with Manpower Professional, where he was responsible for the design and operations of their large Managed Services Programs, such as Honeywell and Raytheon. Jay is a graduate of the University of Massachusetts and currently resides in Park City, Utah.

### **Vimarsh Mehta**

#### **VP of Managed Services**

##### **Beeline**

Vimarsh is the Vice President of Managed Services for Beeline. He has been with Beeline since 2002 serving in this role. He has been responsible for the development and future direction of the Managed Services business line. Vimarsh has over ten years of experience specifically implementing contingent workforce solutions.

Beeline is a provider of workforce acquisition, management, e-learning and analytical products and services to leading global companies, healthcare organizations and a range of government agencies. Prior to Beeline, Vimarsh created the Managed Services business line for MPS Group. He received his bachelor's degree in Information Systems Management from University of Maryland.

### **Allan Schweyer**

#### **President and Executive Director**

##### **Human Capital Institute**

Allan Schweyer is the President and Executive Director of the Human Capital Institute, editor of "Leadership Excellence: The Journal of Human Capital Management" and author of "Talent Management Systems" (Wiley & Sons, 2004). He is an internationally renowned analyst and speaker on

the topic of transformational human capital management. Allan's articles and white papers appear in dozens of popular media and industry-specific publications worldwide.

**John Silver**

**VP, Development & Alliances**

**Human Capital Institute**

John possesses more than 15 years of diversified experience working within the human capital management (HCM) marketplace. As a subject matter expert in VMSs and MSPs, John implemented his first MSP in 1996 for a major telecommunications company. John is one of the pioneers in what is recognized today as contingent workforce management. John was instrumental in winning and implementing some of the largest MSPs in the staffing industry for companies such as Lucent and AT&T Business Solutions.

John also consults on VMS MSP initiatives to companies establishing their own contingent workforce strategies. In addition, John serves as an expert advisor on this panel, is certified in Human Capital Management Principles and holds a Human Capital Strategist (HCS) designation with HCI.

**Kip Wright**

**Senior VP, Managed Solutions**

**COMSYS**

Kip serves as the Senior Vice President for COMSYS managed solutions practices. Kip has been a member of the senior management team since 1999, serving as Senior Vice President of Project Services for COMSYS from November 2000 to September 2002, Chief Integration Officer in 2000 and Chief Financial Officer and Vice President of Finance in 1999. Prior to COMSYS, Wright served in a variety of finance and operations-related posi-

tions in technology and professional services.

From January 1998 to January 1999, he was the Director of Finance for Metamor Worldwide Solutions and Mergers & Acquisitions Analyst of Metamor Worldwide from February 1997 to December 1997. Kip was previously employed with BSG Consulting in various capacities from December 1992 to February 1997 and at Ernst & Young LLP in their Houston-based audit division. Kip received his bachelor's degree in Accounting from Louisiana State University and maintains his certified public accountant license.

**Gene Zaino**

**President & CEO**

**MyBizOffice, Inc.**

Gene is a nationally recognized expert on contract work engagements. By spearheading the evolution of a streamlined and convenient contractor engagement process, Gene has helped major organizations carve millions of dollars from their services supply chain while providing valuable employment, benefits and payment services for their professional contract workforce. Gene, a 2000 Ernst & Young Entrepreneur of the Year finalist, is a certified public accountant who has served as a management consultant for KPMG Peat Marwick. He graduated cum laude from the University of Pennsylvania, Wharton School of Business, receiving a Bachelor in Economics (BSE).

**PANELISTS**

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## ABOUT MYBIZOFFICE



MyBizOffice ([www.mybizoffice.com](http://www.mybizoffice.com)), a leader in contract workforce engagement and administration solutions, provides a global service that delivers significant economic benefits and improved productivity to professional contract workers and their client organizations. MyBizOffice provides individual professionals with streamlined and "portable" engagement, billing, employment, benefits, and payment services, while providing their client organizations with consolidated contract workforce engagement, payment processing, and reporting services. These services help clients save over 20% on service supply chain costs while enhancing their

ability to attract and administer contingent workers. Founded in 1986, MyBizOffice has served thousands of contingent workers and over 90 of the Fortune 1000 companies and other large organizations.

## ABOUT THE HUMAN CAPITAL INSTITUTE



The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

The Human Capital Institute gratefully acknowledges the financial and volunteer contributions of our Underwriters. They include:

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- BROADBOOK TECHNOLOGIES
- BUCK CONSULTANTS
- CENTER FOR KNOWLEDGE MANAGEMENT
- CENTER FOR TALENT RETENTION
- DBM

- DNL GLOBAL, INC.
- DOUBLESTAR, INC.
- HYPERION
- FIRST ADVANTAGE CO.
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- TMP WORLDWIDE
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- UNICRU
- VANGENT
- VELOCITY RESEARCH GROUP
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- WEBHIRE
- WORKBRAIN
- WORKSTREAM, INC.